

SOUTH JORDAN CITY

CAPITAL IMPROVEMENT PROJECT POLICY AND PROCEDURE

DATE: March 28, 2008

1. PURPOSE

To clearly establish goals, objectives, and guidelines the City shall follow concerning the prioritization, budgeting, and reporting of capital projects.

2. GOALS & OBJECTIVES

2.1 CIP Development

1. Develop a 5-Year CIP Plan
2. Set priorities
3. Review for sustainability
4. Monitor continuity of development to take advantage of opportunity-based development
5. Coordinate with other entities – internal and external

2.2 CIP Funding

1. Monitor feasibility and resource constraints
2. Maintain an appropriate fund balance reserve for emergency projects
3. Identify grant opportunities
4. Utilize appropriate external opportunities (e.g. federal funding)

2.3 CIP Monitoring & Reporting

1. Monitor projects and agreements
2. Report information regularly (project timeline, budget, status, changes, contracts, agreements).
3. Provide project management process approval
4. Identify Project Managers for all projects

3. 5-YEAR CIP PLAN

3.1 INTRODUCTION: The 5-year CIP Plan requires the City to anticipate long-term needs of the community. Many of these needs are ultimately expressed as expenditures for major facilities such as streets and utility system expansion or replacements. By anticipating and planning for future capital facility needs of the city, citizens, elected officials and staff are able to identify priorities and establish methods of funding for critical projects.

A 5-year CIP Plan helps to determine the budgeted projects for the current fiscal year. There are no specific appropriations established via the adoption of a 5-year CIP Plan with the exception of the current fiscal year. Subsequent year appropriations and actual funding sources are identified as part of the preparation of the annual budget.

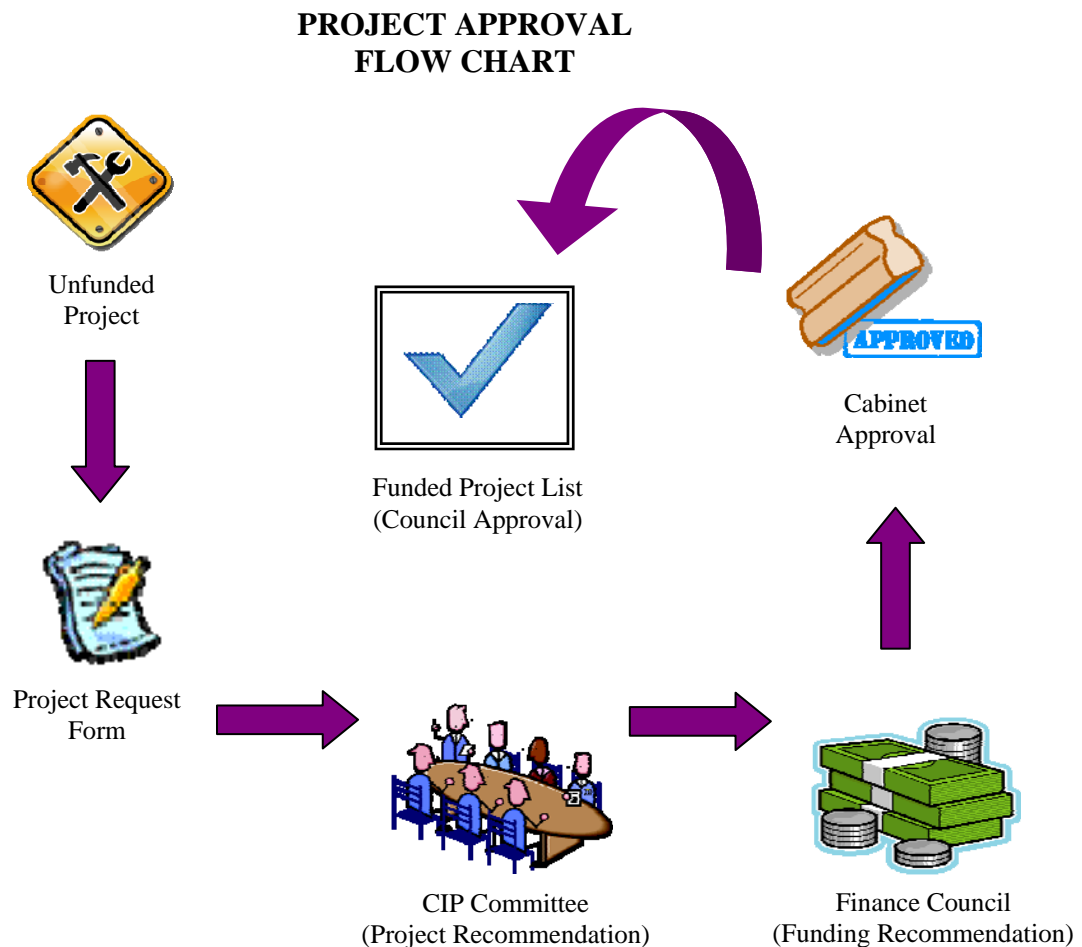
3.2 PLAN DEVELOPMENT: Each department is asked to identify specific projects and estimated costs for capital projects within their jurisdiction. Financial forecasts of the

major operating funds are then prepared to identify what monies will be available to pay for future projects.

Representatives from each department will be assigned to the CIP Committee which then prioritizes projects based on the need and development opportunities. Members of the committee will also vote to recommend projects for funding approval throughout the year.

A CIP workshop will be held annually to enable the City to review the staff recommended projects and make any necessary changes. When a consensus is reached on the projects and proposed funding sources for the 5-year CIP Plan, the staff will prepare a CIP list to be included in the fiscal year budget adoption. Although projects may be prioritized as “FUNDED – 2 YEAR CIP DURATION”, this document commits the City Council to spend money on projects listed in the current fiscal year only.

Unfunded projects that arise after the adoption of the current year funded list will be considered and processed through the CIP Committee. Funding approval will then be recommended by Finance Council and approved by Cabinet. A flow chart of this process is as follows:



- 3.3 UPDATING OF THE 5-YEAR CIP PLAN:** Because project priority, fiscal availability, and political needs will/can change, it is vital the 5-year CIP Plan be updated annually. Therefore, the process of identifying future projects and funding sources is undertaken annually to reflect the most current political and financial assumptions and priorities.

4. CIP GUIDELINES

- 4.1 The City's capital improvement policies will be consistent with the City's Key Management Practices** as established annually with the City's budget. These practices emphasize a conservative pay-as-you-go approach to construction projects where possible. A philosophy that "funding determines projects" rather than "projects determine funding" should be maintained. Also, when applicable, the CIP Committee should look to fund projects with available impact fee revenues before considering general revenues. This policy applies to all City capital projects which generally exceed \$15,000 in total. All capital improvement projects will be prioritized under one of the following categories:

- 1. FUNDED – 2 YEAR CIP DURATION**
- 2. UNFUNDED – 5 YEAR CIP PLAN**
- 3. UNFUNDED – MAINTENANCE/RECONSTRUCTION**
- 4. UNFUNDED – NEW DEVELOPMENT (Beyond 5 years)**

Below is a description of each category:

CATEGORY 1 – FUNDED – 2 YEAR CIP DURATION

This category includes projects for which funding has been appropriated in the current fiscal year capital or operating budget. It is called "2 Year CIP Duration" to denote that projects in this category should be complete and paid in full by the end of the following fiscal year. These projects have been carefully planned to maximize the benefits derived through the use of the City's limited resources and the City finds these projects in the best interest of the public's health, safety, and general welfare.

CATEGORY 2 – UNFUNDED – 5 YEAR CIP PLAN

This category includes projects that funding has not been appropriated, but which are projected in years two through five of the CIP plan. These projects are directly linked to each component of the General Plan. The fiscal year in which funding is projected to be reserved may change due to available revenues, City economic development opportunities, health and safety factors, and needs assessment changes.

CATEGORY 3 – UNFUNDED – MAINTENANCE/RECONSTRUCTION

This category includes projects that are planned, but extend past five years and are required to maintain established levels of service throughout the City for the existing population. Typically these projects are needed as a result of deteriorating infrastructure, updates to the various sections of the General Plan, or areas where minimum levels of service are not currently being met and will generally be constructed in developed areas. These projects are not intended to promote growth, but to sustain existing infrastructure. If a funding source becomes available, a project in this category may be moved to category one or two.

CATEGORY 4 – UNFUNDED – NEW DEVELOPMENT

Projects in this category are a condition of future growth and will generally be included in undeveloped areas. It is the intent of the City that development should pay for public improvements needed to meet established minimum levels of service. In this category, projects should not be upgraded to a higher category without revenue generating potential.

5. PROJECT TYPE AND PRIORITIZATION CRITERIA

- 5.1** This section describes the different types of capital improvement projects and the criteria used to determine the rank given to each project.

1. ROAD & SIDEWALK PROJECTS

Road, street, bridge, and sidewalk projects are primarily funded through transportation impact fees, and class B and C road funds. Road projects are costly and potentially more controversial than other capital projects due to the fact that they often require the City to obtain rights-of-way. Prioritization of road projects is often done first because it can impact storm drain and water projects. As road projects are upgraded to higher categories, associated water and storm drain projects will advance accordingly. This allows for logical construction sequencing. It may also mean that other projects will have to move down in priority if limited funds are available.

The following criteria for evaluating road and sidewalk projects are shown in the order to be considered:

1. Functional – Level of Service
2. Health, Safety, & General Welfare
3. Maintenance
4. Aesthetics

Each of the above criteria is described below:

Functional – Level of Service

Past development in the City may not have included infrastructure that meets the City's current approved minimum transportation level of service. Throughout many areas of the City, existing roads are over used and deteriorating due to the rapidly increasing population. Capacity has become an issue. Current and projected traffic volumes will be used to determine the level of service and project priority.

Health, Safety, & General Welfare

Traffic accidents, emergency vehicle response time, noise mitigation and other health, safety and general welfare issues will be considered in determining project priority.

Maintenance

All public improvements must be maintained after the construction phase is complete. Maintenance staffing and equipment are critical elements that must be considered in

project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding. The LTAP study will be used in conjunction with Streets and Engineering staff recommendations to prioritize maintenance projects.

Aesthetics

Aesthetics are an important part of the project evaluation process. Aesthetics that promote future commercial development shall be a strong factor in the prioritization process of projects. Otherwise, aesthetics will be part of the consideration process relative to the aforementioned criteria.

2. STORM DRAIN PROJECTS

Storm drain projects are primarily funded through impact and user fees. Prioritization of storm drain projects is closely tied to new road construction or existing road reconstruction. As road projects are upgraded to higher categories, storm drain projects will advance accordingly. This allows for logical construction sequencing.

Where storm drain projects are not tied to road (re)construction, the following criteria will be used for prioritization of each project, in the order listed:

1. Functional – Level of Service
2. Health, Safety, & General Welfare
3. Maintenance
4. Aesthetics

Each of the above criteria is described below:

Functional – Level of Service

Past development in the City may not have included infrastructure that meets the City's current approved minimum level of service for storm drainage. Throughout many areas of the City, the existing storm drain system requires upgrade. System capacity will be modeled to determine current and projected level of service.

Health, Safety, & General Welfare

Over time, with a changing environment, unsafe conditions occur that may result in the loss of property and the endangerment of life. Flooding potential in many areas of the City has increased due to the amount of impervious surfaces resulting from development. Flooding potential and environmental issues will be considered in determining project priority.

Maintenance

All public improvements must be maintained after the construction phase is complete. Maintenance staffing and equipment are critical elements that must be considered in project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding. The nature of some projects may, conversely, cause a reduction in maintenance.

Aesthetics

Aesthetics are also an important part of project evaluation, especially the appearance of ponds in the City. However, the City's need regarding the aforementioned criteria is so great that this may not be a strong consideration in the near future.

3. WATER PROJECTS

Culinary and secondary water projects are normally funded through impact fees, water connection fees and water usage fees. Prioritization of water projects is closely tied to new road construction, existing road reconstruction, and the City's Water Master Plan. As road projects are upgraded to higher categories, water projects will advance accordingly. This allows for logical construction sequencing.

Where water projects are not tied to road (re)construction, the following criteria will be used for prioritization of each project. The following are shown in the order to be considered:

1. Functional – Level of Service
2. Health, Safety, & General Welfare
3. Maintenance
4. Aesthetics

Each of the above criteria is described below:

Functional – Level of Service

Past development in the City may not have included infrastructure that meet the City's current approved minimum level of service for water volume, water pressure and fire flow. Throughout many areas of the City, the existing water system is marginally functional. System capacity will be modeled to determine current and projected level of service.

Health, Safety, & General Welfare

One of the main purposes of City Government is to provide safe drinking water for the residents of the community. As a result of time and growth, a number of water facilities should be upgraded or replaced. To relieve this burden, the City has developed a policy for upgrading a number of the existing water lines. Providing safe drinking water and adequate fire flows will be a primary concern in determining project priority.

Maintenance

All public improvements must be maintained after the construction phase is complete. Maintenance staffing and equipment are critical elements that must be considered in project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding. The nature of some projects may, conversely, cause a reduction in maintenance.

Aesthetics

Aesthetics are also an important part of project evaluation, however, the need in the City with regards to the aforementioned criteria is so great that this may not be a strong consideration in the near future.

4. SECONDARY WATER

The following criteria for evaluating secondary water projects is shown in the order to be considered:

1. Functional – Level of Service
2. Health, Safety, & General Welfare
3. Maintenance
4. Aesthetics

Each of the above criteria is described below:

Functional – Level of Service

Secondary water service is unavailable in many parts of the City and existing systems include either pressurized or non-pressurized pipe. Existing systems are gravity-fed pipes connected to weirs at the canals; many have operational problems.

Every new development is evaluated based upon criteria approved by the City Council to determine whether a secondary system is feasible; if it is, a secondary system is required in the development.

Health, Safety, & General Welfare

Secondary water is secondary to culinary water in both dependability and quality. Secondary water comes from the following sources: Utah Lake, ground water, and reclaimed water. The City does not pressurize secondary water services in most areas, meaning that water pressures are gravity dependent, influence by distance from weirs at the canals, relative property elevation, and water levels. The City has some pumps that pressurize. The City controls neither the opening/closing of gates at Utah Lake nor the cleaning and maintenance of canals, meaning that debris may find its way into individual pipes. A stringent cross-connection policy is required and established by ordinance.

The rising cost of culinary water raises the importance of improving the delivery and accessibility of secondary water services; even so, consideration should be given to conservation measures (including metering) under a citywide pressurized system.

Maintenance

All public improvements must be maintained after the construction phase is complete. Maintenance staffing and equipment are critical elements that must be considered in project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding. The nature of some projects may, conversely, cause a reduction in maintenance.

Aesthetics

Aesthetics are also an important part of project evaluation. The City's need in regards to the aforementioned criteria is so great that this may not be a strong consideration in the near future.

5. STREET LIGHTING PROJECTS

Street lighting projects may be funded through transportation impact fees (collector street projects only) or from the General Fund. Prioritization of collector street light projects is

closely tied to new road construction or existing road reconstruction. As road projects are upgraded to higher categories, street light projects will advance accordingly. This allows for logical construction sequencing.

Where street light projects are not tied to road (re)construction, such as for street lighting in residential neighborhoods, the following criteria will be used for prioritization of each project. They are shown in the order to be considered:

1. Health, Safety, & General Welfare
2. Functional – Level of Service
3. Aesthetics
4. Maintenance

Each of the above criteria is described below:

Health, Safety, & General Welfare

Street lighting can contribute to creating safe, visible roadways for vehicles and walkways for pedestrians. Street lighting can be effective at deterring crime and improving safety at intersections.

Functional – Level of Service

Many developments and roadways constructed in the past within the City do not contain the City's current minimum level of service for street lighting in new development. To improve the level of service for street lighting in the City, in recent years, the City has implemented development standards, which standards require specific levels of service and aesthetics within neighborhoods and along collector streets. The City has also installed many street lights within existing neighborhoods. Additional infill projects may be initiated.

The City desires to enhance the level of service along collector roadways. Significant portions of roadways between collectors have little or no lighting. Along older collector streets, much of the lighting is provided via cobra heads attached to utility poles rather than the decorative standard more recently approved by Council.

Aesthetics

Aesthetics are an important part of project evaluation. Street lights are one of the most visible features of public infrastructure and while level of service and health, safety, and general welfare are significant requirements, the City has established specific aesthetic standards for street lighting.

Maintenance

All public improvements must be maintained after the construction phase is complete. Maintenance staffing and equipment are critical elements that must be considered in project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding.

6. PARK & RECREATION VENUES

New parks and recreation projects are primarily funded from impact fees and the associated interest on those fees. Existing parks and recreation projects are primarily funded from General CIP funds.

The following criteria for evaluating the parks and recreation projects is shown in the order to be considered:

1. Functional – Level of Service
2. Health, Safety, & General Welfare
3. Maintenance
4. Aesthetics

Each of the above criteria is described below:

Functional – Level of Service

According to the Parks, Recreation, Trails and Open Space Master Plan, maintaining and/or increasing level of service is a priority for the Parks and Recreation Department. To provide or facilitate the development of park environments and amenities that provide aesthetic, natural, and recreational opportunities for all residents, the City is promoting a strong parks and recreation focus for the community. Venues that offer a variety of leisure activity options will receive strong consideration.

Venues that require staff attendance will also require an operating budget to ensure the venue will be adequately and appropriately used.

Health, Safety, & General Welfare

Health and safety considerations are highly important with regard to recreation facilities. Facilities and equipment should be designed to national safety standards and with an emphasis on durability. Considerable effort to minimize risks attendant with playground equipment, for example, is required. Where reasonably possible, venues should be planned with consideration for proximity of tot-lots, sports courts and fields to traffic and parking areas, and maximum visibility (e.g., well-lit parking lots and restrooms and open areas near tot lots, paths) to promote public safety.

Maintenance

All Parks and recreation improvements must be maintained after the construction phase is complete, particularly with regard to playgrounds and pavilions. Maintenance staffing and equipment are critical elements that must be considered in project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding.

Aesthetics

Aesthetics are a very important part of project evaluation. In accordance with best management practices and established design guidelines, the City's need with regards to the aforementioned criteria is moderate and consideration will be given to aesthetics because aesthetics are an important factor in attracting users to parks and recreation venues.

7. PHYSICAL FACILITIES

Capital building projects include all types of future building needs, which require significant funding sources. Funding for these types of projects may come from impact fees, debt financing, or cash reserves.

The following criteria for evaluating physical facilities projects are shown in the order to be considered:

1. Functional – Level of Service
2. Health, Safety, & General Welfare
3. Maintenance
4. Aesthetics

Each of the above criteria is described below:

Functional – Level of Service

The City has been and is in the process of building modern facilities to serve the growing community. Physical facilities are to be designed and constructed so as to economically and responsibly balance aesthetics, functionality, facility life expectancy, and environmental considerations such as energy efficiency, spatial requirements, adjacencies, and accessibility. The City is a service-oriented entity and physical facilities should reflect that orientation.

Health, Safety, & General Welfare

Facilities are to be designed and constructed in accordance with appropriate and recognized structural, mechanical, and electrical engineering standards and within current planning and zoning requirements. Facilities where people work and attend should meet appropriate standards for accessibility, spatial needs, fire and safety.

The location and physical design of fire stations is a primary determinant of a community's ability to respond effectively to fire-related emergencies. In many instances, the response time to a medical or fire emergency can be the difference between life and death and will maximize or minimize loss of property.

Maintenance

All physical facilities must be maintained after the construction phase is complete. Maintenance staffing and equipment are critical elements that must be considered in project prioritization and must be funded on an on-going basis with revenue sources other than capital improvement funding.

Aesthetics

Aesthetics are an important part of project evaluation. Aesthetics that promote future commercial development shall be a strong factor in the prioritization process of projects. Otherwise, aesthetics will be part of the consideration process relative to the aforementioned criteria.